



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: RECOMMENDED AMENDMENTS  
TO THE 2008-2009 PROPOSED  
OPERATING AND CAPITAL BUDGETS -  
SUPPLEMENTAL ADJUSTMENTS**

**DATE:** June 16, 2008

Approved

*Christine J. Shipp*

Date

*6/16/08*

## SUPPLEMENTAL

### REASON FOR SUPPLEMENTAL

This supplemental memorandum is necessary to implement corrections to Manager's Budget Addendum #41 and to propose an adjustment to the 2008-2009 Proposed Fees and Charges Report.

### RECOMMENDATION

1. Accept the attached replacement pages to Attachment A (page 6), Attachment B (page 9), and Attachment C (pages 2 and 5) of Manager's Budget Addendum #41 that document changes to the 2008-2009 Proposed Operating and Capital Budgets.
2. Approve the following additional technical corrections to the Proposed 2008-2009 Fees and Charges Report as shown in Attachment F to eliminate the reference to the Commercial Solid Waste Fee paid by City facilities:
  - A. On page 8 of the Impact Analysis Report, delete the following sentence: "The equivalent weight-based AB939 Fee for collection from City facilities remains at \$14.83 per ton to stay in parallel with the volumetric (cubic yard based) fee."
  - B. On page 10 of the Environmental Services Departmental Fees and Charges matrix, the 2008-2009 Proposed Fee for Item 1 –Commercial Solid Waste is modified to show "No Change" and the 2008-2009 Proposed Fee for Item 2 - Commercial Solid Waste – City Facilities is modified to show "Delete Fee".

## **BACKGROUND**

Manager's Budget Addendum #41 was released on June 5, 2008 and recommended a number of amendments to the 2008-2009 Proposed Operating and Capital Budgets and the 2008-2009 Proposed Fees and Charges. This supplemental memorandum recommends corrections to MBA #41 as well as proposes an additional amendment to the 2008-2009 Proposed Fees and Charges. The changes proposed in this supplemental memorandum include an adjustment to the Finance Department Non-Personal/Equipment rebudget amount in the General Fund (Attachment A adjustment); an adjustment to the Second Mortgage Loan Program rebudget in the Low and Moderate Income Housing Fund (Attachment B), a revised description of the amendments included in the Airport capital funds (Attachment C); and the elimination of an Environmental Services fee from the Fees and Charges document (Attachment F).

## **ANALYSIS**

This supplemental memorandum recommends three corrections to Attachments A, B, and C of MBA #41 as well as proposes an additional amendment to the 2008-2009 Proposed Fees and Charges as described below:

- Attachment A – Page 6: In MBA #41, the Finance Department Non-Personal/Equipment rebudget was shown as \$168,000 for the City's Investment Program in error. The revised page 6 shows the rebudget amount of \$268,000 for the City's Investment Program and Audit Statement Manuals. The higher rebudget amount was assumed in the total rebudget figure for the General Fund. Attached is a revised page 6 of Attachment A that reflects the correct rebudget amount.
- Attachment B – Page 9: In MBA #41, the rebudget of \$8,000,000 for the Second-Mortgage Loan Program in the Low and Moderate Income Housing Fund (Fund 443) contained an error. The rebudget total for this program should have totaled \$5,000,000, which is consistent with estimates used in the development of the 2008-2009 Proposed Operating Budget. Attached is a revised page 9 of Attachment B that reflects the correct rebudget amount.
- Attachment C – Pages 2 and 5: In MBA #41, the Beginning Fund Balance adjustment narrative descriptions in the Airport capital funds for the Airport Revenue Bond Improvement Fund (Fund 526) and Airport Passenger Facility Charge Fund (Fund 529) erroneously described the reallocation of resources for the North Concourse Building appropriation from Fund 526 to Fund 529. Attached are revised pages 2 and 5 of Attachment C that correct the narrative to describe the reallocation of resources from Fund 529 to Fund 526.
- Attachment F: A new attachment F is included to reflect a change in the 2008-2009 Proposed Fees and Charges to eliminate the reference to the Commercial Solid Waste Fee paid by City Facilities. The Fees and Charges Report is intended to cover revenue coming

HONORABLE MAYOR AND COUNCIL

June 16, 2008

**Subject: RECOMMENDED AMENDMENTS TO THE 2008-2009 PROPOSED OPERATING AND  
CAPITAL BUDGETS – SUPPLEMENTAL ADJUSTMENTS**

Page 3

from third party rate payers. Therefore, fees paid by City Facilities should not be included in the Fees and Charges Report. The fees paid by the City for City facilities are established in the City's contract with Green Team of San Jose. Approval of this recommendation to remove this fee from this Report (as shown in Attachment F) will make the appropriate technical corrections to the Proposed Fees and Charges Report.

A handwritten signature in black ink, appearing to read "J. Maguire", is written over a circular stamp that is partially obscured.

JENNIFER A. MAGUIRE

Acting Budget Director

Attachments

**2008-2009 Clean-Up and Rebudget Proposals**

**Attachment A**

<b>GENERAL FUND</b>		<b>2008-2009</b>	<b>2008-2009</b>
<b>Dept/Project</b>	<b>Appropriation</b>	<b>Use</b>	<b>Source</b>
<b>Rebudgets. (Cont'd.)</b>			
Finance	Non-Personal/Equipment: City's Investment Program and Audit Statement Manuals	268,000	
Fire	Personal Services: Fire Fighter Recruit Academy	301,000	
Human Resources	Personal Services: City-Wide Employment Testing	20,000	
"	Non-Personal/Equipment: Workforce Planning	73,207	
Independent Police Auditor	Non-Personal/Equipment: Student Guide Printing	7,500	
Information Technology	Non-Personal/Equipment: Increased Data Storage Required for the New Retention and Retrieval Rules Resulting from Sunshine Reforms	325,000	
"	Non-Personal/Equipment: Web Audit due to Sunshine Reforms Technology Requirements	250,000	
"	Non-Personal/Equipment: Contractual Assistance for Electronic Content Management	42,500	
"	Non-Personal/Equipment: Storage Area Network maintenance	221,283	
Library	Non-Personal/Equipment: Early Care Program	425,000	
"	Non-Personal/Equipment: Summer Reading Program	25,000	
"	Library Grants: Let's Talk About It and How I See It: My Place	3,000	
Parks, Rec & Neighborhood Svcs	Personal Services: 2008 Summer Work Experience Program	188,000	
Planning, Building & Code Enforcement	Non-Personal/Equipment: Development Services (Address Database Update, FileNet Upgrade, Website Development, and Contractual Plan Check Services)	250,000	
"	Non-Personal/Equipment: Signing Code Update, Neighborhood Revitalization, and Code Enforcement Fee Funded Vehicles	315,000	
Police	Personal Services: Recruit Academy	600,000	
"	Personal Services: Police Records Management Task Force Temporary Staffing	300,000	
"	Non-Personal/Equipment: Police Administration Building Improvements	400,000	
"	Non-Personal/Equipment: Child Interview Center	64,763	

**2008-2009 Clean-Up and Rebudget Proposals**

**Attachment B**

**SPECIAL FUNDS**

<u>Dept/Project</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>Low and Moderate Income Housing Fund (443)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		5,220,000
Housing	San José State Teacher Program	220,000	
"	Second-Mortgage Loan Program	5,000,000	
<b>Rebudgets Subtotal</b>		<b>5,220,000</b>	<b>5,220,000</b>
<b>Low and Moderate Income Housing Fund Total</b>		<b>5,220,000</b>	<b>5,220,000</b>
<b>Maintenance District #1 (Los Paseos) Fund (352)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		300,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	300,000	
<b>Rebudgets Subtotal</b>		<b>300,000</b>	<b>300,000</b>
<b>Maintenance District #1 (Los Paseos) Fund Total</b>		<b>300,000</b>	<b>300,000</b>
<b>Maintenance District #5 (Orchard Parkway-Plumeria Drive) Fund (357)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		100,000
Transportation	Non-Personal/Equipment (Landscape Renovation)	100,000	
<b>Rebudgets Subtotal</b>		<b>100,000</b>	<b>100,000</b>
<b>Maintenance District #5 (Orchard Parkway-Plumeria Drive) Fund Total</b>		<b>100,000</b>	<b>100,000</b>

## CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Capital Improvement Fund (520) (Cont'd.)</b>			
<b>Rebudgets</b>			
	Beginning Fund Balance Adjustment: Rebudgets		15,003,000
	Compressed Natural Gas Fueling Station Upgrades	515,000	
	Noise Attenuation Treatment - Category IB	224,000	
	North Concourse Building	14,016,000	
	Runway Guard Light Replacement	248,000	
<b>Rebudgets Subtotal</b>		<b>15,003,000</b>	<b>15,003,000</b>
<b>Airport Capital Improvement Fund Total</b>		<b>18,003,000</b>	<b>18,003,000</b>
<b>Airport Revenue Bond Improvement Fund (526)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Increases the Beginning Fund Balance to reflect a 2007-2008 adjustment that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. This action results from a reallocation of resources for the North Concourse Building appropriation to the Airport Revenue Bond Improvement Fund from the Airport Passenger Facility Charge Fund. The Federal Aviation Administration approved the use of Passenger Facility Charges (PFCs) for this project.		38,696,000
	<b>Ending Fund Balance:</b> Increases the Ending Fund Balance to offset the recommended change above.	38,696,000	
<b>Clean-Ups Subtotal</b>		<b>38,696,000</b>	<b>38,696,000</b>

## CAPITAL FUNDS

<u>Fund</u>	<u>Appropriation</u>	<u>2008-2009 Use</u>	<u>2008-2009 Source</u>
<b>AIRPORT CAPITAL PROGRAM (CONT'D.)</b>			
<b>Airport Renewal and Replacement Fund (527) (Cont'd.)</b>			
<b>Rebudgets (Cont'd.)</b>			
	Public Art	529,000	
	Reid Hillview Noise Treatment Program	392,000	497,000
	Runway Guard Light Replacement	52,000	
	Taxiway W, Phase I/II	58,000	
	Terminal Area Improvement, Phase I	709,000	
	Terminal Elevator Repair	93,000	
	Warehouse Building Maintenance	20,000	
<b>Rebudgets Subtotal</b>		<b>4,945,000</b>	<b>4,945,000</b>
<b>Airport Renewal and Replacement Fund Total</b>		<b>4,945,000</b>	<b>4,945,000</b>
<b>Airport Passenger Facility Charge Fund (529)</b>			
<b>Clean-Ups</b>			
	<b>Beginning Fund Balance Adjustment:</b> Decreases the Beginning Fund Balance to reflect a 2007-2008 adjustment that will impact the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance. This action results from a reallocation of resources for the North Concourse Building appropriation to the Airport Revenue Bond Improvement Fund from the Airport Passenger Facility Charge Fund. The Federal Aviation Administration approved the use of Passenger Facility Charges (PFCs) for this project.		(38,696,000)
	<b>Noise Attenuation Treatment - Category IB:</b> Reallocates funding from the Airport Passenger Facility Charge Fund to the Airport Capital Improvement Fund in order to maximize resources available for the Noise Attenuation Treatment - Category IB project. There is a corresponding increase in this project's budget in the Airport Capital Improvement Fund.	(3,676,000)	

## ENVIRONMENTAL SERVICES DEPARTMENT

### Impact Analysis Report

#### **OVERVIEW**

The Environmental Services Department administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees (AB939 Fees, which are described further in Exhibit A), and Franchise Application Fees.

Projected fee revenue for 2008-2009 totals \$5.20 million. This represents an increase of \$1.05 million from 2007-2008, reflecting revenue projections based on the latest activity levels in the Commercial Solid Waste AB939 Fee, Landfill AB939 Fee (Waste Disposal) and a new Landfill AB939 Fee (All Other Non-Recycled Waste).

#### **SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS**

**Commercial Solid Waste AB939 Fee** – For 2008-2009, no changes are proposed for the Commercial Solid Waste AB939 Fees. Fees remain at \$0.89 per cubic yard for loose commercial solid waste and \$2.67 for compacted commercial solid waste. The Commercial Solid Waste Franchise Fees (to be adopted through a separate resolution outside this document) remain unchanged at \$3.67 per cubic yard for loose commercial solid waste and \$11.01 per cubic yard for compacted commercial solid waste. The total Commercial Solid Waste fee load (AB939 and Franchise Fees), remains at \$4.56 per cubic yard (for loose waste) and \$13.68 per cubic yard for compacted waste. It should be noted that the current commercial solid waste fees continue to remain among the lowest in the area and

the recycling/diversion rate is one of the highest in the nation. In addition, this fee is not charged for waste collected from a public school district providing education in grades K-12 (or any grades within K-12) and adult education institutions supported by public funds who have entered into Waste Reduction Agreements with the City.

**Landfill AB939 Fee (Waste Disposal)** – The County AB939 Fee charged at landfills and transfer/processing will decrease from \$3.72 to \$3.55 per ton of disposed waste due to a decrease in the County portion of the fee from \$2.22 to \$2.05. The San José portion of this fee of \$1.50 will remain the same. Pursuant to agreements between San José and Santa Clara County, \$1.50 per ton of this fee is distributed to the cities for activities related to recycling and \$2.05 is used by the County and participating cities for Household Hazardous Waste programs. The City does not collect a separate fee as long as the County-wide fee is in effect at this level.

#### **NEW FEES**

**Landfill AB939 Fee (All Other Non-Recycled Waste)** – This new fee of \$1.00 per ton will be charged for all waste received by San José solid waste facilities (landfills) that is not recycled and removed from the sites and is not already subject to the Landfill Waste Disposal Fee of \$3.55 per ton. This would include cover material, inert construction material, alternate daily cover, and materials used for beneficial purposes, whether at the reporting facility or any solid waste facility to which the waste is delivered. It is



## DEPARTMENTAL FEES AND CHARGES

## ENVIRONMENTAL SERVICES

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Proposed Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
ENVIRONMENTAL SERVICES FEES - CATEGORY I								
1. Franchise Application Fees								
1 Commercial Solid Waste Application Fee	\$195 per application		No Change					
Sub-total Franchise Application Fees		100.0%						
SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I		100.0%						
ENVIRONMENTAL SERVICES FEES - CATEGORY II								
1. Source Reduction and Recycling								
1 Commercial Solid Waste	\$0.89/uncompacted cubic yard collected; \$2.67/compacted cubic yard collected (paid by generators) effective August 1, 2006	64.0%	No Change	4,547,488	3,204,302	3,204,302	70.5%	70.5%
2 Commercial Solid Waste - City Facilities	\$14.83 per ton collected from City facilities in rolloff boxes		Delete Fee					
3 Landfill - Waste Disposal Note: San José receives only a portion of these fees collected by the County based on surplus available from the County after administration of the Household Hazardous Waste program.	\$3.72 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.22 per ton - fee collected by the County for Household Hazardous Waste Programs)		\$3.55 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.05 per ton - fee collected by the County for Household Hazardous Waste Programs)		1,000,000	1,000,000		
4 Landfill - All Other Non-Recycled Waste			\$1.00 per ton on waste accepted by San José solid waste facilities that is not already subject to the Landfill - Waste Disposal fee and is not recycled	1,278,019		1,000,000		78.2%
Sub-total Source Reduction and Recycling		87.9%		5,825,507	4,204,302	5,204,302	72.2%	89.3%
SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY II		87.9%		5,825,507	4,204,302	5,204,302	72.2%	89.3%